

Message Text

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ORIGIN AF-06

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 TRSE-00 XMB-02 OPIC-03 SP-02 CIEP-01

LAB-04 SIL-01 OMB-01 L-02 PA-01 PRS-01 USIA-06 SS-15

NSC-05 STR-04 /077 R

DRAFTED BY AF/E:GKULICK:NB

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EB/IFD/OIA:TPERISCH

L/AF:CSCHMITZ

AF/EPS:AJILSON

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R 262210Z MAR 75

FM SECSTATE WASHDC

TO AMEMBASSY MOGADISCIO

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E.O. 11652: N/A

TAGS: ETRD, SO

SUBJECT: SOMALIA'S POSITION AS GSP BENEFICIARY

REF: A) MOGADISCIO 376; B) STATE 66492; C) STATE 39553

1. OFFICIAL BASIS FOR DETERMINATION THAT SOMALIA IS NOT AT THIS TIME ELIGIBLE FOR GENERALIZED TRADE PREFERENCES (REFS A & B) IS AS FOLLOWS: "THE MARKETING FACILITIES OF CALTEX OIL COMPANY, AN AMERICAN CORPORATION, WERE ADVERSELY AFFECTED BY A DECREE IN MAY 1970, THAT ONLY SOMALI AGENCIES COULD DISTRIBUTE PETROLEUM PRODUCTS IN SOMALIA. NET COMPENSATION OF 2.2 MILLION SOMALI SHILLINGS (\$300,000) WAS PROVIDED TO THE AGENT OF CALTEX, BUT THE PROCEEDS WERE REQUIRED TO BE PLACED IN A BLOCKED ACCOUNT

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WHICH EARNS NO INTEREST. INTERMITTENT DISCUSSIONS ON

REPATRIATION OF THE BLOCKED FUNDS, OR ON THEIR POSSIBLE USE IN SOMALIA, HAVE TAKEN PLACE, BUT CALTEX REPRESENTATIVES IN THE U.S. REPORT THAT NO SETTLEMENT HAS YET BEEN REACHED. ACCORDINGLY, IT HAS BEEN DETERMINED THAT SOMALIA IS NOT TAKING REASONABLE STEPS TO COMPLY WITH ITS OBLIGATIONS UNDER SECTION 502 (B) (4) OF THE TRADE ACT OF 1974."

2. FURTHER TO REF C, CALTEX WASHINGTON REP. LAVERY SAID THAT NEW YORK OFFICE HAD RECENTLY RECEIVED REPORT THAT THERE HAD BEEN NO REPORT NO PROGRESS IN NEGOTIATIONS BETWEEN CALTEX AND GSDR. CALTEX NOT REPORT NOT OPTIMISTIC RE PROPOSAL FOR CONSTRUCTION OF LUBRICANTS PLANT IN SOMALIA. CLARIFYING STATUS OF BLOCKED ACCOUNT, LAVERY SAID THAT 65 PERCENT IS BLOCKED COMPLETELY AND 35 PERCENT IS THEORETICALLY AVAILABLE FOR LOCAL EXPENSES OF VISITING CALTEX REPRESENTATIVE. SINCE CALTEX IS RARELY REPRESENTED IN SOMALIA, HOWEVER, LATTER AMOUNT IS LITTLE USED.

3. EMBASSY MAY WISH TO DRAW ON FOREGOING TO RESPOND TO ANY INQUIRIES FROM GSDR. DEPT. DOES NOT RECOMMEND ANY INITIATIVES AT THIS POINT. KISSINGER

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